



**CITY OF FOREST CITY, MISSOURI
YEAR ENDED DECEMBER, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-15
February 19, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2003

The following problems were discovered as a result of an audit conducted by our office of the City of Forest City, Missouri.

The city did not retain vendor invoices or supporting documentation for some expenditures. The city does not have a formal bidding policy and did not enter into written contracts for some services including sewer work and legal services. Procedures have not been established to ensure restricted revenues are expended only for their intended purpose and expenditures are properly allocated among the various funds benefiting from the expenditure. Additionally, the board minutes only make a general reference that invoices are approved for payment and timesheets are not always prepared or reviewed properly.

Several revenue bond covenants pertaining to sewer improvements are not being met. The Debt Service Reserve Account and the Depreciation and Replacement Account are both under funded by approximately \$6,325. In addition, the city does not have an annual audit performed of sewer operations, which is required by the bond covenants.

The Board of Aldermen has not followed the adopted ordinances regarding delinquent sewer bills and service disconnections, nor does the city perform monthly reconciliations of total billings, payments received, and delinquent amounts for sewer services.

The City Clerk is responsible for all record keeping duties of the city and the Mayor indicated there are no reviews of the City Clerk's work. Receipt slips are not issued for some monies received, receipts were not always deposited intact daily, and checks are sometimes signed in advance by the Mayor.

The city has not established a complete financial accounting system. Property tax records and procedures are not adequate to account for and collect delinquent amounts due to the city.

Board minutes are signed by the City Clerk but not the Mayor and do not always include sufficient detail of matters discussed and actions taken. Improvement is needed in the organization of the city's ordinances.

Several current and former board members were compensated for performing services for the city in 2000 and 1999.

Also included in the audit are recommendations related to budgets and financial reporting, fixed assets, and a street maintenance plan.

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YELLOW SHEETS

CITY OF FOREST CITY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of Forest City

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Forest City, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Forest City, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 2, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie Vollmer

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF FOREST CITY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Expenditures

- A. Vendor invoices or other supporting documentation were not retained for some expenditures. The city was unable to provide documentation for nine of the twenty expenditures we chose to review, including approximately \$860 for what appeared to be contract labor and approximately \$170 to the mayor and former city clerk.

All expenditures should be supported by paid receipts or vendor invoices to ensure the obligation was actually incurred and the expenditures represent appropriate uses of public funds.

- B. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids or proposals for a particular purchase is made on an item-by-item basis. Bids or proposals were either not solicited or bid documentation was not retained in several instances. Bids were not solicited for a rotary mower (\$2,754) and proposals were not solicited for sewer services (\$3,096) and legal services (\$1,892). In addition, the city did not always document the reason for not accepting the low bid.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Bids/proposals can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

- C. The city did not enter into written contracts for some services including sewer work (\$3,096) and legal services (\$1,892).

Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- D. Procedures have not been established to ensure restricted revenues are expended only for their intended purpose and expenditures are properly allocated among the various funds benefiting from the expenditure. In 2001, the city received approximately \$3,180 for property taxes from the street debt service levy, but only \$755 was deposited to the Street Debt Service Fund. The city failed to transfer the remaining \$2,425 in tax revenues from the General Revenue Fund to the Street Debt Service Fund. In addition, expenses related to General Fund activities were paid from the Street Fund, including labor for park maintenance totaling approximately \$400.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting revenues and expenses in the proper fund is also necessary to accurately determine the results of operations of specific activities, thus, enabling the city to establish the level of taxation and/or user charges necessary to meet all operating costs. In addition, generally accepted accounting principles and various legal restrictions require revenues and expenses associated with specific activities be reflected in the fund established to account for those activities.

- E. The board minutes only make a general reference that invoices are approved for payment. The invoices are not signed or initialed by an alderman to indicate approval and a detailed list of the approved invoices is not included with the official minutes. In addition, some invoices are paid by the City Clerk and Mayor prior to being approved by the board.

To adequately document the board's review and approval of all expenditures, a complete and detailed listing of bills should be prepared, signed or initialed by the alderman to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Alderman before payment is made to ensure all expenditures represent valid operating costs of the city.

- F. Timesheets are not prepared by some of the employees and no supervisory review is noted on the timesheets. During the year 2001, the city did not require a former City Clerk or the sewer superintendent to prepare timesheets. The timesheets turned in by the current City Clerk did not have documentation of supervisory review noted on them. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month.

WE RECOMMEND the Board of Aldermen:

- A. Require adequate supporting documentation for all expenditures.
- B. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid selected. Periodically seek proposals or competitively bid for services, such as legal and sewer services, and enter into written agreements.
- C. Enter into current contracts with all entities or individuals providing services.
- D. Transfer \$2,425 from the General Fund to the Street Debt Service Fund and ensure restricted revenues are expended for their specified purpose.
- E. Adequately document the approval of expenditures by including a listing of all approved expenditures in the board minutes. In addition, review and approve the expenditure of city funds prior to the expenditures being made.
- F. Ensure timesheets are prepared, maintained, and signed by a supervisor.

AUDITEE'S RESPONSE

- A,E,
&F. We agree and have already implemented these recommendations.*
- B. We agree and will develop a formal bidding policy by March 2003.*
- C. We agree and will begin doing this immediately.*
- D. We will resolve the payable to the Street Debt Service Fund in 2003 by making a portion of the street bond payment from the General Revenue Fund. In the future, we will ensure restricted revenues are expended for their specified purpose.*

2. Sewer System

The city operates a sewerage system that provides service to approximately 145 customers. The city issued a revenue bond in 1995 for sewer improvements. Our review of the city's sewer accounts and procedures revealed the following concerns:

- A. Several revenue bond covenants are not being met. The revenue bond covenants require the city to make monthly transfers of approximately \$121 to a Debt Service Reserve Account (called the Debt Service Fund by the city) and a Depreciation and Replacement Account. While the city has established these funds as required and are currently making the required transfers, the Debt Service Reserve Account and the Depreciation and Replacement Account are both

under funded by approximately \$6,325, per the requirements of the bond. At least part of this problem was caused by the city transferring \$4,500 from each of these accounts to the Sewer Fund in 2000. The board was unable to provide any justification for why these transfers were made and it appears these monies are due to the Debt Service Reserve Account and the Depreciation and Replacement Account.

We also noted that while the reserve accounts are significantly under funded, the city is currently paying more than the required principal and interest payments on the bonds. The city should consider using these additional monies to fully fund the reserve and depreciation and replacement funds before making additional principal payments. Revenue bond covenants also require the city to have an annual audit performed of sewer operations; however, the city has not had this annual audit performed.

The failure of the city to comply with the revenue bond covenants could allow the bondholders to take legal action to force compliance or immediate payment of all outstanding bonds.

- B. The Board of Aldermen has not followed the adopted ordinances regarding delinquent sewer bills and service disconnections. Several customers, including some Aldermen and the Mayor, have occasionally paid their bills after the due date and did not always have the \$15 penalty added. We also noted instances where customers, including officials, did not pay their bill within 30 days and were not disconnected or charged the reconnection fee. Finally, when the city did charge a reconnection fee, the amount charged was only \$25 instead of the \$75 reconnection fee set by city ordinance.

City ordinance provides that a late charge of \$15 be added to any bill not paid by ten days after the billing date. It also provides that any customer who fails to pay thirty days after the billing date will be disconnected. Service will not be reconnected until all past bills are paid in full, along with a \$75 reconnection fee.

To reduce delinquencies, ensure delinquent accounts are properly handled and ensure equitable treatment of utility customers, the city should enforce the utility ordinances and ensure delinquent penalties and disconnect fees are charged in a consistent manner and for the amounts set in the ordinance.

- C. The city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for sewer services. At our request, the city performed this reconciliation for November 2001; however, the calculated ending accounts receivable balance was approximately \$200 more than the actual ending accounts receivable balance. The city was unable to identify a reason for this difference.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made and to facilitate independent review.

WE RECOMMEND the Board of Aldermen:

- A. Ensure compliance with the applicable bond covenants and repay \$4,500 from the Sewer Fund to both of the required reserve accounts.
- B. Ensure delinquent penalties and disconnect fees are charged consistently and in accordance with city ordinances.
- C. Perform monthly reconciliations of the amounts billed to amounts collected and delinquent accounts.

AUDITEE'S RESPONSE

- A. *We agree and will ensure compliance with the bond covenants in the future. We will develop a plan by March 2003 to fully fund the required reserve accounts.*
- B. *We agree and have revised the ordinance relating to sewer service and are now ensuring the ordinance is followed.*
- C. *We agree and are now attempting these reconciliations monthly.*

3. Accounting Controls and Procedures
--

- A. The City Clerk is responsible for all record keeping duties of the city, including duties which would normally be performed by a City Treasurer and a City Collector. These duties include receiving and depositing monies, preparing invoices for payment, signing checks, performing bank reconciliations, and preparing financial reports. No personnel independent of the cash custody and the record-keeping functions provide adequate supervision or review of the work performed by the City Clerk. The Mayor indicated there are no reviews of the City Clerk's work.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. Holding two or three of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties to the extent possible. In addition, the board should require someone independent of the cash custody and record keeping functions to perform periodic reconciliations of receipts to deposits and checks issued to disbursement records, and review bank statements and bank reconciliations. Furthermore, this review of records should be documented.

- B. Receipt slips are not issued for some monies received by the city. The city is unable to account for the numerical sequence of all receipt slips issued because the receipt slips used do not have duplicate copies. To adequately account for all receipts, prenumbered duplicate receipt slips should be issued for all monies received, and the numerical sequence of receipt slips accounted for properly.
- C. Receipts were not deposited intact on a timely basis. From February 15 to March 21, 2001, only one deposit was made in the sewer checking account for \$2,314. We noted that some of these monies had been on hand for twenty days. In addition, we noted a check was received on September 15, 2001 that was not deposited until November 21, 2001; however, two deposits were made during this time period.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

- D. The city has not established a complete financial accounting system. The City Clerk did not maintain a fund ledger for all funds showing the beginning balances, monthly revenues by source and expenditures by type, and ending balances. The only records available from the city were some receipt slips, incomplete fund ledgers, and bank statements.

Fund ledgers and summary reports showing revenue sources and expenditure types should be prepared for each fund on a monthly basis and should be used for comparison to budgeted amounts and overall review of city operations. Complete, organized, and timely accounting records are necessary to provide accurate and timely financial information to city officials upon which effective management decisions may be made.

- E. Checks require two signatures; however, checks are sometimes signed in advance by the Mayor. The Mayor, the City Clerk, and two of the Alderman can sign checks issued on the city's bank accounts. In addition, the Mayor and the other Alderman authorized to sign checks are not bonded.

Signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by dual signatures. To adequately safeguard assets, checks should not be signed until all

pertinent information is completed and supporting documentation for the disbursement is reviewed and approved by the Board of Alderman. Failure to bond all persons with access to assets exposes the city to risk of loss.

- F. Property tax records and procedures are not adequate to account for and collect delinquent amounts due to the city. These records were inaccurate due to all payments not being recorded in the current and delinquent tax books. While it appears receipt slips were issued for some tax payments made to the city in 2000 and 2001, paid property tax statements were not maintained. The current City Clerk found notes in the office indicating property tax payments were made, but some of those payments were not recorded in the tax books. The County Collector started collecting the city's property taxes in 2001.

To facilitate monitoring of amounts due to the city, and to provide information to the Board of Alderman, an accurate and complete delinquent property tax record is necessary. Due to the lack of property tax records, the city has less assurance that their delinquent tax records are accurate. With over \$24,000 in property taxes due to the city annually, the board needs to have better accountability over these monies.

WE RECOMMEND the Board of Aldermen:

- A. Consider appointing separate individuals to the positions of City Clerk, City Treasurer, and City Collector and provide for adequate segregation of duties. If this is not possible, an independent review of the related records and activity should be performed periodically.
- B. Require prenumbered duplicate receipt slips to be issued for all monies received and ensure the numerical sequence of receipt slips is accounted for properly.
- C. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100.
- D. Ensure that a complete financial accounting system is established including summaries documenting monthly revenue sources and expenditure types. This information should be used to monitor city and utility operations.
- E. Discontinue the practice of signing checks in advance and obtain bond coverage for all persons with access to city assets.
- F. Determine the actual amount of delinquent property taxes and pursue collection.

AUDITEE'S RESPONSE

- A. *We agree and effective January 2003 we will develop procedures to adequately oversee the work performed by the City Clerk.*

- B, C,
& E. We agree and have already implemented these recommendations.*
- D. We agree and will develop an accounting system by August 2003.*
- F. We are currently reviewing our prior years property tax records and pursuing collection, if applicable. We have already collected approximately \$3,500 of delinquent property taxes.*

4. Meeting Minutes and Ordinances
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- A. Board minutes are prepared and signed by the City Clerk; however, they are not signed by the Mayor. The board minutes should be signed by the Mayor upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- B. Board minutes did not always include sufficient detail of matters discussed and actions taken. For example, in some instances the minutes indicated a board member abstained from voting on hiring a worker, but which board member abstained was not documented. We also noted several instances where a record of votes taken was not recorded in the minutes.

Section 610.020, RSMo 2000, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes of the board's meetings are necessary to retain a record of the business conducted and to provide an official record of board actions and decisions.

- C. Improvement is needed in the organization of the city's ordinances. The city's ordinances have not been codified since the late 1960's, thus hindering the city's ability to locate specific ordinances. There were several ordinances missing from the official ordinance book. For example, the sewerage system revenue bond ordinance and several ordinances which we had noted in the minutes as being approved were not in the ordinance book. In addition, the board has not adopted ordinances regarding such items as the tax rate levy, a formal description of duties of city officials, compensation of city officials, and the term of the City Clerk.

Since the ordinances represent legislation passed by the Board of Aldermen to govern the city and its residents, it is important that the city's ordinances be maintained in a complete, well-organized, and up-to-date manner to give the taxpayers information on how the city is to be governed.

WE RECOMMEND the Board of Aldermen:

- A. Ensure board minutes are properly signed to attest to their accuracy.
- B. Ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
- C. Ensure a complete and up-to-date set of codified ordinances is maintained. This would include passing new ordinances where appropriate and required.

AUDITEE'S RESPONSE

- A. *We agree and have already implemented this recommendation.*
- B. *We will ensure our minutes include more detail in the future.*
- C. *We have already solicited proposals for updating our ordinance book and plan to have the process complete by January 2004.*

5. Conflict of Interest

Several current and former board members were compensated for performing services for the city in 2000 and 1999. One board member received \$285 for street maintenance services and \$162 for mowing services in 2000. Two other board members were also paid for services provided to the city, such as \$282 for pumping water from the lagoon and \$126 for labor.

Section 105.458, RSMo 2000, states "no member of any legislative or governing body of any political subdivision of the state shall: (1) Perform any service for such political subdivision or any agency of the political subdivision for any consideration other than the compensation provided for the performance of his official duties". The Board should consider seeking help from their legal counsel in establishing city policies regarding these types of payments.

WE RECOMMEND the Board of Alderman comply with state statutes relating to the compensation of city officials and consider establishing a city policy addressing this issue.

AUDITEE'S RESPONSE

We agree and have discontinued these types of payments to board members. When we update the ordinances next year we will develop a policy to address this issue.

- A. The city has not prepared annual budgets for the past several years. Section 67.010, RSMo 2000, requires the preparation of an annual budget which presents a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and reasonable estimates of ending available resources. The budget should also include a budget message and comparisons of actual or estimated revenues and expenditures for the two preceding fiscal years.

- B. The city has not published semi-annual financial statements as required by state law. Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published.
- C. The 2001 annual financial report submitted by the city to the State Auditor's office was inaccurate and incomplete. Due to the city not establishing an adequate financial system (see MAR 3.D. above), the reported receipts and disbursements were inaccurate. In addition, the reported cash balances did not include the monies held in savings accounts. The board should ensure the annual financial reports required pursuant to Section 105.145, RSMo 2000, accurately and completely reflect the financial activity and balances of the various city funds.

WE RECOMMEND the Board of Alderman:

- A. Prepare annual budgets in accordance with state law and make periodic comparisons between budgeted and actual revenues and expenditures.
- B. Publish semi-annual financial statements as required by state law.
- C. Ensure the annual financial reports prepared and submitted accurately and completely reflect the financial activity and balances of the various city funds as required by state law.

AUDITEE'S RESPONSE

- A. *We agree and have already prepared a budget for 2003.*
- B. *We agree and will begin publishing semi-annual financial statements in 2003.*
- C. *We agree and will ensure the 2002 financial report is complete and accurate.*

7. Fixed Asset Records

The city has not prepared and maintained permanent, detailed property records for general fixed assets, including the cost of land, buildings, equipment, and furniture owned by the city. In addition, the city has not prepared and maintained permanent, detailed property records for the sewer system. Also, annual physical inventories are not performed and additions to the fixed asset records are not reconciled to purchases.

Property records for general fixed assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for general fixed assets and the fixed assets of the sewer system, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions, reconcile those purchases to additions, and periodically perform physical inventories and compare to the detailed records.

WE RECOMMEND the Board of Aldermen maintain property records for general fixed assets and the fixed assets of the sewer system that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed and fixed asset additions should be reconciled to purchases.

AUDITEE'S RESPONSE

We agree and are currently preparing a listing of and tagging fixed assets.

8. Street Maintenance Plan

A formal maintenance plan for city streets has not been prepared. A maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be referred to in

the budget message and be approved by the board. In addition, a public hearing should be held to obtain input for the plan from city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the fiscal year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

We agree and will attempt to prepare a formal maintenance plan for city streets by March 2003.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF FOREST CITY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Forest City is located in Holt County. The city was incorporated in 1857 as a fourth-class city. The population of the city in 2000 was 338.

The city government consists of a mayor and four-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at December 31, 2001, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended December 31, 2001</u>	<u>Amount of Bond</u>
Kenneth L. Plummer, Mayor (1)	April 2002	\$ 1,200	\$ 40,000
John R. Acton, Alderman	April 2003	300	0
Steve Hughes, Alderman (1)	April 2002	275	0
Terry Kavanagh, Alderman (2)	April 2003	175	0
Cheryl Knapp, Alderwoman (3)	April 2002	150	0
 <u>Other Principal Officials</u>			
Sherri Hollis, City Clerk (4)		3,497	70,000
Jean Maneke, City Attorney		1,892	0

- (1) Re-elected in April 2002.
- (2) Resigned in August 2002 and was replaced by Richard Verbick.
- (3) Replaced Russell Slusher by appointment in July 2001. She was elected in April 2002.
- (4) Replaced Carla S. Acton in July 2001. Corey Howell replaced her in April 2002.

On December 31, 2001, the city employed one full-time and one part-time employee.

Assessed valuations and tax rates for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$ 1,361,180
Personal property	654,445
Total	<u>\$ 2,015,625</u>

TAX RATES PER \$100 ASSESSED VALUATION

	<u>Rate</u>
General Fund	\$.8933
Debt service	.3200

The city has the following sales tax; the rate is per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration Date</u>
General	\$.01	None

A summary of the city's financial activity for the year ended December 31, 2001, is presented on the next page:

	General Fund	Street Fund	Street Debt Service Fund	Sewer Fund	Sewer Debt Service Fund	Sewer Depreciation and Replacement Fund	Cemetery Fund	Total
RECEIPTS:								
Sales taxes	\$ 4,704	0	0	0	0	0	0	4,704
Property taxes	11,300	0	755	0	0	0	0	12,055
Franchise taxes	18,574	0	0	0	0	0	0	18,574
Gas and motor vehicle taxes	0	25,489	0	0	0	0	0	25,489
Surtax	1,159	0	0	0	0	0	0	1,159
Permits and licenses	400	0	0	0	0	0	0	400
Sewer fees	0	0	0	28,364	0	0	0	28,364
Interest	743	1,491	134	865	84	84	3,949	7,350
Rentals	535	0	0	0	0	0	0	535
Other	5,055	0	0	0	0	0	0	5,055
Transfers in	2,906	4,704	0	0	1,450	1,450	0	10,510
Total Receipts	45,376	31,684	889	29,229	1,534	1,534	3,949	114,195
DISBURSEMENTS:								
Salaries and fringe benefits	20,374	3,185	0	6,062	0	0	0	29,621
Supplies	3,845	849	0	982	0	0	0	5,676
Insurance	1,813	0	0	0	0	0	88	1,901
Utilities	8,881	4,387	0	834	0	0	0	14,102
Equipment purchases and repairs	269	4,501	0	0	0	0	0	4,770
Bond payments	2,906	1,326	0	18,000	0	0	0	22,232
Street repair	0	59,912	0	0	0	0	0	59,912
Sewer management fees	0	0	0	1,994	0	0	0	1,994
Mowing	1,625	0	0	0	0	0	3,250	4,875
Advertisements	420	39	0	0	0	0	14	473
Tax	1,531	0	0	0	0	0	0	1,531
Council	2,200	0	0	0	0	0	0	2,200
Legal services	1,836	56	0	0	0	0	0	1,892
Other	6,558	0	0	69	0	0	15	6,642
Transfers out	4,704	0	2,906	2,900	0	0	0	10,510
Total Disbursements	56,962	74,255	2,906	30,841	0	0	3,367	168,331
Receipts Over (under) Disbursements	(11,586)	(42,571)	(2,017)	(1,612)	1,534	1,534	582	(54,136)
Cash Balance, January 1	36,651	66,453	4,978	32,537	1,929	1,929	2,689	147,168
Cash Balance, December 31	\$ 25,065	23,882	2,961	30,925	3,463	3,463	3,271	93,032